

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

HOUSE ENROLLED ACT No. 2108

AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-3-2-19 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 19. (a) As used in this section, "account beneficiary" has the meaning set forth in IC 21-9-2-3.

(b) As used in this section, "account owner" has the meaning set forth in IC 21-9-2-4.

(c) As used in this section, "individual account" has the meaning set forth in IC 21-9-2-2.

(d) As used in this section, "qualified higher education expenses" has the meaning set forth in IC 21-9-2-19.5.

(e) Distributions from an individual account used to pay qualified higher education expenses are exempt from the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 as income of an account beneficiary or an account owner.

SECTION 2. IC 21-9-10-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 2. (a) Individual accounts and all earnings or interest on accounts are exempt from taxation in Indiana to the extent that those accounts, earnings, and interest are exempt from federal taxation under federal law, subject to any penalties that are established for education savings programs under this article.

(b) Distributions under IC 6-3-2-19 from an individual account

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used to pay qualified higher education expenses are exempt from the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7.

SECTION 3. [EFFECTIVE JANUARY 1, 2002] IC 6-3-2-19, as added by this act, applies to taxable years beginning after December 31, 2001.

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Speaker of the House of Representatives

President of the Senate

President Pro Tempore

Approved: _____

Governor of the State of Indiana

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